

Dear Commissioners:

With the nation's economy struggling to recover and the unemployment rate unfortunately climbing, this is not the time for the Federal government to be undermining America's small business and entrepreneurial sector in favor of big monopolies. Yet regrettably, this would be the inescapable result of the Federal Communication Commission's (FCC's) proposed rules changes in broadband access to the Internet over wireline facilities.

Eliminating the unbundling requirements for the high-speed elements of the Bell networks would only further the Bells' efforts to crush nascent competition from C-LECs and independent Internet service providers (ISPs). Those efforts to date have allowed the Bells to grab a near monopoly in the DSL market, leaving small businesses and consumers with increasingly higher rates and declining competitive options. It is no wonder that demand for broadband is fizzling when small business consumers see the limited and expensive options developing in the market.

Many of the potential competitors that have been ill treated by the Bells are small businesses themselves. The telecom industry is littered with the rubble of small companies that attempted to compete with the Bells in local service, only to be driven out of business by their refusal to provide reasonable access to their local networks, as required by the Telecom Act of 1996 and the FCC. Just between January 2001 and February 2002, a total of 36 C-LECS filed, or announced their intentions to file for bankruptcy.

To make matters worse, a troubling message delivered to the markets through the unremitting threat of special interest legislation in Congress hindered the availability of much needed investment capital in the industry. Consequently, competition suffered even further. Approximately 200,000 telecom jobs have been lost over the last year and a half • not a good sign of industry health. Of course, it is the view of the Small Business Survival Committee (SBSC) that the FCC's proposed rule change is not wise given that this is an industry that truly appears on the brink of collapse. Only real competition will resuscitate the vitality of America's telecommunications industry.

Adopting the proposed rules changes on high-speed element unbundling would simply reward the Bells for their illicit behavior. It would sanctify the monopoly they have maintained and expanded in defiance of federal law and the spirit of public policy. It would certainly not encourage faster deployment of DSL. The Bells have already used their monopoly power in the local networks to effectively capture the DSL market while demanding inflated DSL prices. It is our conviction that prices will go up, and quality and innovation will deteriorate if the Bells are legally freed from the unbundling requirements.

It has been well demonstrated that the lack of broadband deployment is not the result of a lack of capacity or investment. It is a problem that has been created by the monopoly practices of the Bells, and every business in America except the Bells is being penalized by their behavior. Please don't reward that behavior. Small businesses need competition, affordable pricing and innovative services in telecommunications services if they are to help spur demand in the industry. More practically, they need the aforementioned attributes in telecom services in order for it to help their bottom-line.

We encourage you to put the Commission's energy into forcing the Bells to meet their unbundling obligations and give competition a chance to work in DSL. The resulting competitive choice in broadband providers and innovative services would be a major plus to America's small businesses.

Sincerely,

Karen Kerrigan  
Chairman  
Small Business Survival Committee